ANNUAL REPORT / 1972

BORDEN, INC.

Contents

CORPORATE DATA

EXECUTIVE OFFICES: 277 Park Avenue, New York, N.Y. 10017

COMMON STOCK DATA: Transfer and Dividend Disbursing Agent, First National City Bank, 111 Wall Street, New York, N.Y. 10015; Registrar, Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015; stock listed on the New York Stock Exchange.

PREFERRED STOCK DATA-SERIES B: Transfer and Dividend Disbursing Agent, First National City Bank, 111 Wall Street, New York, N.Y. 10015

ANNUAL MEETING OF SHAREHOLDERS: The Annual Meeting will be held on April 18, 1973, beginning at 11:00 A.M., in the Hunterdon Theatre, Church Street and Route 31, Flemington, New Jersey.

Printed in U.S.A.

Highlights 1972

	1972	1971	% Change
Net sales	$2,192,919,000	$2,069,667,000	+6.0
Net income	65,992,000	60,533,000	+9.0
Net income per common share and equivalents—			
Primary	2.18	2.00	+9.0
Fully diluted	2.13	1.98	+7.6
Dividends per share—Common stock	1.20	1.20	
Preferred stock Series A	.60	.60	
Preferred stock Series B	1.32	.78	
Total dividends	36,094,000	35,725,000	+1.0
Cash flow (net income plus depreciation)	108,120,000	102,925,000	+5.0
Capital expenditures	63,179,000	57,987,000	+9.0
Working capital	371,557,000	360,788,000	+3.0
Current ratio	2.3:1	2.4:1	
Shareholders' equity	725,369,000	696,702,000	+4.1
Equity per common share at year end	23.97	22.94	+4.5
Outstanding common shares at year end	29,149,000	29,090,000	+ .2
Number of common shareholders at year end	67,333	70,916	
Average number of employees	46,700	48,000	

Board of Directors and Officers

BOARD OF DIRECTORS

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Dean Emeritus
Graduate School of Business
Columbia University

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Chairman and Chief Executive Officer
J. P. Stevens & Co., Inc.

SHELTON FISHER
President and Chief Executive Officer
McGraw-Hill, Inc.

AUGUSTINE R. MARUSI
Chairman and President

BERNARD NEMTZOW
Vice President, General Counsel and Secretary

WALTER R. OLMSTEAD
Executive Vice President

WILLIAM S. RENCHARD
Chairman, Executive Committee
Chemical Bank

W. THOMAS RICE
Chairman and President
Seaboard Coast Line Railroad Company

E. R. ROWLEY
Chairman and Chief Executive Officer
N L Industries, Inc.

EUGENE J. SULLIVAN
Executive Vice President

WILLIAM K. WESTWATER
President
W. K. Westwater Company

LAWRENCE A. WIEN
Senior member of law firm
Wien, Lane & Malkin

DIRECTORS EMERITI

HAROLD W. COMFORT
Former President

ROY D. WOOSTER
Former Chairman

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Chairman and President

WALTER R. OLMSTEAD
Executive Vice President

EUGENE J. SULLIVAN
Executive Vice President

FRED J. BOARD
Vice President-Employee Relations

JOHN B. CARNAHAN
Vice President-Distribution

JOHN V. LYNN
Vice President-Engineering

MAX A. MINNIG
Vice President-Chemical Division

THEODORE G. MONTAGUE, Jr.
Vice President-Foods Division: New Ventures Group

BERNARD NEMTZOW
Vice President, General Counsel and Secretary

JOHN B. NIMONS
Vice President-Purchasing

JOHN J. O'CONNOR
Vice President-International Division

RAYMOND T. PRYOR
Vice President-Dairy and Services Division

CLAYTON J. ROHRBACH, Jr.
Vice President-Marketing

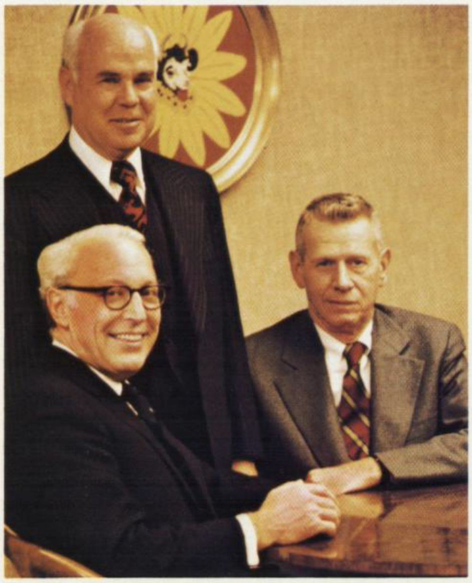
WILLIAM L. ROPER
Vice President-Foods Division: Milk-Based and Specialty Foods Groups

FLOYD F. SMILEY, Jr.
Vice President-Foods Division: Canning and Snack Foods Groups

CARLTON E. SPITZER
Vice President-Public Affairs

JOSEPH E. MADIGAN
Treasurer

JOHN S. HARKINS
General Controller



Members of the Office of the President, clockwise from bottom: Augustine R. Marusi, Chairman and President; Eugene J. Sullivan, Executive Vice President, and Walter R. Olmstead, Executive Vice President.

From left: John B. Carnahan, Floyd F. Smiley, Jr., William L. Roper

From left: Theodore G. Montague, Jr., John B. Nimons, Clayton J. Rohrbach, Jr.

John V. Lynn

Carlton E. Spitzer, Max A. Minnig

Joseph E. Madigan, John S. Harkins

Raymond T. Pryor

John J. O'Connor

Bernard Nemtzow, Fred J. Board

Message to Shareholders and Employees

The Company's sales, net income, and primary earnings per share were at all-time highs in 1972. Significantly, these record levels were attained during a year of economic controls, which adds to our confidence in the strength and stability of the corporation.

Divisional operations responded exceptionally well to the challenges of a controlled economy and the worst weather in decades. Their income was at an all-time high. Restructuring within all four divisions, and the election of three divisional executives as corporate officers, strengthened and shortened reporting lines and helped make each division more individually responsive to market situations peculiar to its industry.

The number and quality of corporate support services made available to the divisions were substantially increased. Chief among these were the formation of a corporate distribution department and the expansion of the corporate engineering department, both under the supervision of newly elected vice presidents of the Company.

The evolution of Borden from primarily a domestic dairy company to a diversified, international food and chemical company accelerated in 1972. More than 72% of our sales and 83% of our operating income are now derived from products other than milk and ice cream, compared with 61% and 75%, respectively, as recently as five years ago. Nonetheless, our dairy business continues to enjoy an outstanding consumer franchise. Its sales are increasing, and it generates a substantial cash flow.

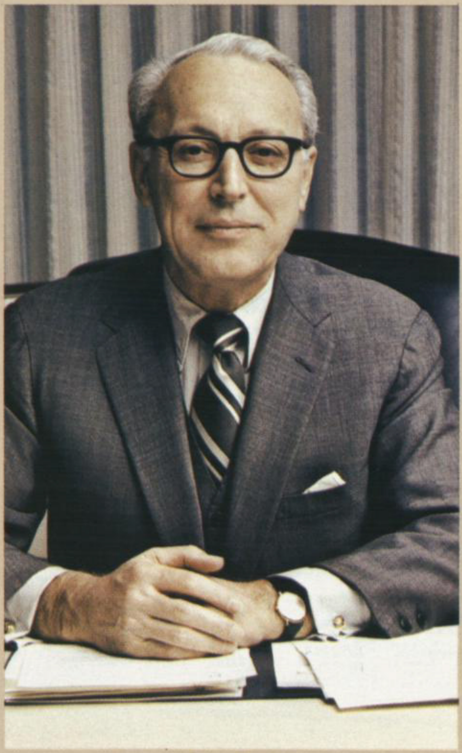
Measurable progress was made during the year in developing the Company's marketing strengths at the divisional and corporate levels. Particularly gratifying were the results of our new-products program, which is being conducted by individual profit centers and the corporate research center at Syracuse, N.Y.

The results are indicated by the variety of products introduced during the year, as detailed in the following pages of this Report.

We shall be plowing back an increasing share of earnings into marketing programs. New products, and their acceptance by consumers, are the ultimate source of future earnings growth. This plow-back will necessarily influence our year-to-year growth rate in earnings, but we consider it an essential long-term investment that will benefit all shareholders.

Concerning the outlook for 1973, we expect further improvement in sales and earnings. As a highly diversified company represented in major sectors of the economy, we shall be benefiting from the economic expansion that is forecast for the nation. Internally, we have never been better equipped. And our ability to grow within the confines of Phase I and Phase II only heightens our optimism that we can successfully overcome any obstacles presented by Phase III, including mandatory controls in the food sector of our business, and uncontrolled raw agricultural prices.

Last summer, as your chief executive, I addressed a number of meetings of institutional investors and security analysts. In my remarks, I said that the rebuilding of Borden over the past four years had been a deliberate, thoughtful, sometimes painful project, but that the results were becoming more and more evident. Some six months later, I am even more encouraged by the results. Borden has never been so strong, so viable, and so vital as it is entering its 116th year.



Augustine R. Marusi

My associates and I wish to express to the men and women of the Borden organization, the members of the board of directors, and the shareholders our appreciation for their generous efforts and support during the year.

Augustine R. Marusi

Chairman and President
February 27, 1973

BORDEN FOODS

	1972	1971
Sales (in Millions)	$836.5	$811.7
% of Total Sales	38%	39%
Operating Income (in Millions)	$ 60.2	$ 56.3
% of Total Income from Operations	40%	40%

"Casa Borden," an advertising and promotional campaign addressed to the Spanish-speaking market on behalf of ten Foods Division products, is reviewed by Don Passante *(left)*, president of D. L. Passante Associates, Inc.; William L. Roper *(center)*, president of the Milk-Based and Specialty Foods Groups, and Floyd F. Smiley, Jr., president of the Canning and Snack Foods Groups. A float in the Puerto Rican Day Parade; a women's softball team, Casa Borden, and sponsorship of Spanish-language TV programs and theater motion pictures are among the features of the campaign.

The Foods Division markets a wider variety of food products than any other company. Its product line ranges from manufactured dairy items, such as cheese and condensed milk, to canned fruits and vegetables, snack foods, dehydrated foods, and frozen meats and seafoods.

In addition to the Borden brand, familiar brands marketed by the Division include Aunt Jane's, Bama, Calo, Campfire, Comstock, Cracker Jack, Deran's, Drake's, Flavor House, Greenwood's, Old London, ReaLemon, Sacramento, Snow's, Wise, and Wyler's. Henderson's Portion Pak is a well-known brand in the institutional field. Among other long-established items of the Division are Liederkranz cheese, None Such mince meat, and the Company's original product, Eagle Brand sweetened condensed milk.

A New Ventures Group within the Division markets Colonial brand refined sugars, Polar and Crystal Springs bottled water, and, in the 12-county Indianapolis, Indiana, area, franchised soft drinks.

Administered separately but part of the Division for reporting purposes are Retail Food Service operations. These consist of Borden Burger, a chain of limited-menu, fast-service restaurants concentrated in three states, and Lambert's, a group of bakeries offering goods baked on the premises, located in enclosed malls of shopping centers in five states.

Sales and operating income of Borden Foods rose to all-time highs in 1972.

Sales amounted to $836,492,000, or 38% of the corporate total, compared with $811,681,000 in 1971, when they accounted for 39% of dollar volume. Operating income was $60,214,000, up from $56,307,000 in the previous year, and the share of total income from operations was 40%, the same as in 1971.

The Division's milk-based and specialty foods operations had an outstanding year, and canning and snack food operations had substantially improved results.

Cheese sales to consumers by the Division were the highest in history, reflecting ready market acceptance of new products and packaging innovations, and consumers' awareness of cheese as a lower-cost alternative to meat as a protein source. The Division's continued marketing shift from bulk cheese to branded specialties also aided margins.

The industry's fastest growing segment is individually wrapped processed cheese slices, supermarket sales of which are increasing almost 50% faster than total cheese sales. The Division had the benefit of expanded plant capacity for processed slices, and five of its new products were in this category.

More aggressive marketing, enlarged production facilities, packaging changes, and product repositioning contributed to gains by other established milk-based and specialty foods. Condensed milk, the Company's original product in 1857, recorded its highest sales in ten years. Cremora non-dairy creamer increased its share of the national market. Canned egg nog sales improved significantly. Sales of canned Frosteds, an exclusive Borden product, were at an all-time high, as were sales of institutional products. Wyler's, already the country's leading brand of sweetened powdered drink mixes, further enlarged its share of the market.

The Division's canning operations had a record year. Their geographical and product diversity minimized the effects of regional shortages of some crops caused by exceptionally severe weather conditions. Whereas Tropical Storm Agnes damaged early vegetable crops in the Northeast, the California tomato crop, supply source for the Sacramento profit center, was abundant and of excellent quality. Fruit supplies generally were adequate, and seafood supplies were exceptional.

The Division's two seafood operations — Snow's canned products and Henderson's portion-controlled frozen products — had a highly favorable year. Each benefited from good demand, firm prices, and the discovery of new supply sources: Snow's of clam beds off the Virginia coast, and Henderson's, of shrimp beds off the coast of Costa Rica.

Snack food operations had a good year, with several profit centers setting

Eighteen new cheese items in nine categories were introduced by the Milk-Based and Specialty Foods Groups during 1972.

BORDEN FOODS

A wide variety of new products was marketed by the Canning and Snack Foods Groups during the year.

new highs in sales and operating income.

Bolstered by the success of recently introduced products, Drake's had an outstanding year. Strikes hampered results at Wise/Old London, and Wise's Pennsylvania operations were additionally affected by damage to potato crops from Tropical Storm Agnes. Deran's increased its share of the candy market, and sales of Flavor House nuts improved materially.

The Division's can and machinery operations, which produce cans for Borden manufacturing facilities and can-making and can-testing machinery for sale to other canners, experienced moderate results. Machinery sales started the year slowly but picked up substantially in the fourth quarter.

In the New Ventures Group, operations of North American Sugar Industries were adversely affected relative to a year earlier by a series of circumstances. A seven-week strike halted operations in April and May at the St. Louis, Mo., plant of Industrial Sugars, Inc., a North American Sugar subsidiary producing liquid sugars for industrial use. Cool weather over the summer, a peak period for industrial customers, slowed recovery. Also, reflecting a tight world-supply situation, raw sugar costs advanced sharply while refined sugar selling prices lagged. Dollar sales for the year were above those of 1971, but tonnage sales were down, as were margins.

Growth of the New Ventures Group's soft-drink operations, conducted through the Pepsi-Cola Bottling Co. Inc. of Indianapolis, Indiana, was curtailed by a three-week strike, unseasonably cool weather over the summer, and substantially higher ingredient costs, particularly for sugar.

New Ventures' bottled water operations were extended to Columbus, Ohio, and Washington, D.C., areas during the year. Total bottled water sales were up substantially, but overall margins were adversely affected by the higher costs due to planned entry into the new markets.

Retail Food Services, included with the Foods Division's results for reporting purposes, had a satisfactory year, benefiting from market expansion.

The restaurant group completed the successful changeover in identification of its fast-service units, from the name BBF to Borden Burger. The changeover takes advantage of the public's familiarity with the Borden name and its association with quality products, thereby facilitating entry into new markets where the Company already enjoys a strong consumer franchise. The new name also identifies the restaurants' principal menu item, the Borden Burger, and thus increases the efficiency of advertising.

Fifteen new restaurant units were added during the year, bringing the total in the chain to 94. A number of older units were modernized, to establish a uniformity of architecture as well as of signage. Borden Burger restaurants are concentrated in Ohio, West Virginia, and Florida.

Retail Food Services' store group, operating as Lambert's Bakeries, was expanded to eleven units by year-end. The bakeries offer cakes and pastries that are baked on the premises. The units are located in enclosed malls of leading shopping centers in New York, New Jersey, Maryland, Pennsylvania and Ohio.

Retail Food Services during the year tested several prototypes of retail concepts within enclosed shopping malls, as well as a prototype of a new restaurant operation. Other concepts are under consideration for development in 1973.

Most of the Foods Division's profit centers were represented by new products, product line extensions, and

major packaging innovations introduced during the year. With the exception of line extensions, the success of which can be more accurately determined, the items were placed in selected test markets to measure consumer reaction before deciding on further distribution. Substantial new business was also generated by expansion into new markets and by repositioning established products.

Borden International Americans, cheese food slices in four flavors, were extended to national distribution during the year. Lite-line low-fat slices, a new concept in cheese and an exclusive Borden product, moved out of test market in Albany, N.Y., into a broad area of the Northeast. Lite-line is a pasteurized process cheese product with approximately one-half the calories of process American cheese or process cheese food, but has comparable vitamins and minerals and more quality protein.

Three other cheese items exclusive to Borden were placed in test markets: a fondue; Miracle Melt Cheeze in four flavors, for use in cooking, and Cheez Kisses, a snack item in two flavors.

A domestic Brie and a Country Store Spread, the latter a cold-pack cheddar cheese food, were introduced in the East; a pimento spread was marketed in the South, and Beer-mate slices, in three varieties, were placed for tests in parts of the Midwest and in San Francisco.

Under the Borden brand, a new orange-flavored breakfast drink was expanded into national distribution, and at year end refrigerated toaster sandwiches were being readied for market rollout following successful testing in Erie, Pa.

Two new marketing concepts resulted in successful additions to the Wyler line of soup mixes. Broth Break, an instant beverage in beef and chicken flavors, packaged in individual servings, was introduced in 25% of the U.S. market. Wyler's Cup of Soup, also instantly prepared from single-serving packets, was marketed in three flavors in 40% of the country. Three flavors of cream-style Cup of Soup were placed in limited test markets. In its drink-mix line, Wyler's began testing two new pouch-packed items: Apple Cider and Apple Cranberry.

Henderson's Portion Pak developed a new seafood product that is being test-marketed under the Borden brand in Baltimore, Md., Washington, D.C., and Atlanta, Ga., as Recipe Shrimp. The shrimp are caught from a specially

Distribution of Borden bottled water under the Polar brand was extended to homes and offices in the Columbus, Ohio, and Washington, D.C., areas.

BORDEN FOODS

equipped Henderson fleet at 1,200 feet, four times the depth at which shrimp are normally caught, in the Pacific off the coast of Costa Rica. They are then peeled, cleaned, and individually quick-frozen at a newly constructed Henderson plant in Costa Rica. Recipe Shrimp are packaged in a 20-oz. plastic bag. Trade and consumer acceptance of the product has been excellent, with the support of a heavy promotional campaign based on in-pack and write-in recipes.

Drake's, in its East Coast marketing area, introduced three new items: Brownie Juniors, chocolate-coated brownies in a Family Pack of 12; Sunny Doodles, an icing-coated, creme-filled gold cake; and Lazy Bones, an uniced, creme-filled chocolate cake. Lazy Bones and Funny Bones are marketed in a twin-pack of two individual servings. All three new products are fortified with B vitamins and iron, as are now all other items in the Drake line except cookies, under a product-enrichment program begun in 1971.

Additionally in the snack food line, Wise brought out pretzels, sour cream Ridgie potato chips, and french fries; Flavor House introduced dry roasted fancy mixed nuts in all its marketing areas, and Deran's added two hard candy items and an Ivory Selection (solid white chocolate).

Comstock began testing a line of canned puddings/pie fillings in Louisville, Ky. Calo, directing its product development efforts toward the faster-growing cat food sector of the pet food market, introduced in limited areas four new flavors of cat food supplements and two flavors of nutritionally complete rations.

One of the most effective product repositioning programs was conducted for canned egg nog. Historically a seasonal product during the Thanksgiving-New Year's period, Borden egg nog was reformulated and repackaged and promoted throughout the year as a product for daily use. Recipes were developed for pancakes, French toast, and after-school "nogs." The repositioning opened substantial new distribution outlets in drug and variety chains and department stores.

Early in 1973, ReaLemon began test marketing in Indiana of On The Rocks, a full line of liquid cocktail mixes. The line is available in two types of packaging: a 20-oz. plastic flask with a jigger cap, and a box of twelve 1½ oz. pre-measured jiggers. The latter is the first single-service liquid cocktail mix on the market.

The new multi-million-dollar manufacturing plant for Wyler drink and soup mixes went into operation in August in Northbrook, Ill., outside Chicago. It has a capacity substantially above that of the urban Chicago plant which it replaced. In other major construction projects, the Costa Rica processing plant for Recipe Shrimp began production in September, and West Coast manufacturing facilities for ReaLemon reconstituted lemon juice were installed in the plant of Sacramento Foods at Sacramento, Calif.

Also at year end, expansion was underway at the Coral Gables, Fla., plant of Henderson's Portion Pak that will increase seafood production 50%; East Coast manufacturing facilities for ReaLemon reconstituted lemon juice were being installed at the Waterloo, N.Y., plant of Comstock Foods; equipment for making Borden Breakfast Drink was being added at the new Wyler plant; and a plant at Wellsboro, Pa., was being converted from the manufacture of evaporated milk to the manufacture of condensed milk. The changeover at Wellsboro marked the Company's virtual withdrawal from the evaporated milk business after 80 years. Industry sales of the product had been declining at the rate of more than 10% a year over the past several years. However, markets in sections of the West Coast and South Texas, where the Company has a strong consumer franchise, continue to be served from a plant in Modesto, Calif.

During 1973, capacity of a plant at New Ulm, Minn., which produces cheese powders and other dried ingredients for industrial use, will be doubled.

At mid-year, a plant at New Brunswick, N.J., producing refrigerated biscuits was closed. In November, the Calo pet foods plant at Oakland, Calif., was closed, and operations are being transferred to a section of the 27-acre complex of Sacramento Foods at Sacramento, Calif.

As part of a corporate program to assist the development of minority-owned enterprises, the Company provided financial support for the start-up of Urban Distributors, Inc., a black-owned and operated distributor of Wise products. Based in the Bedford-Stuyvesant section of Brooklyn, N.Y., the company serves store customers throughout Brooklyn, Manhattan and the Bronx with its own truck fleet. Borden is also providing Urban Distributors with management, sales, and customer-relations assistance and logistical support.

BORDEN DAIRY AND SERVICES

	1972	1971
Sales (in Millions)	$607.2	$590.0
% of Total Sales	28%	28%
Operating Income (in Millions)	$ 25.3	$ 31.0
% of Total Income from Operations	17%	22%

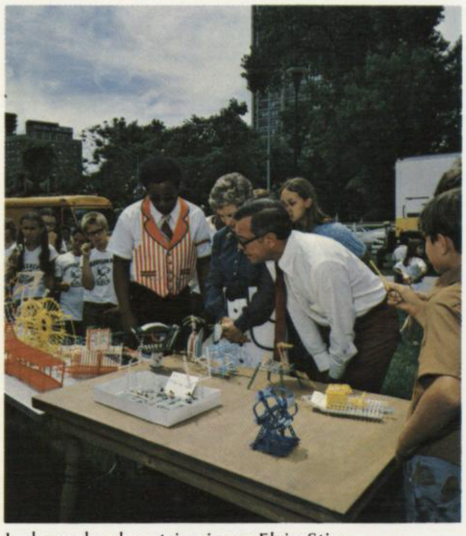
The Dairy and Services Division is responsible for the Company's milk operations in 24 states and ice cream operations in 33 states and the District of Columbia.

It markets a full line of dairy products, including homogenized milk, buttermilk, chocolate drink, cottage cheese, creams, dips, fresh egg nog, sour cream, Swiss Style yogurt, ice creams, frozen novelties, ice milks, and sherbets. It also markets a line of low-fat dairy products under the Lite-line brand, and a Special Line of milks suited to different life styles.

A fleet of some 6,700 Borden vehicles distributes these products to homes, stores, warehouses, restaurants, schools, hospitals, industrial establishments, and vending operations.

Raymond T. Pryor *(left)*, president of the Borden Dairy and Services Division, and George Prude, manager of the Houston, Tex., ice cream plant, chat with an employee about the Division's safety program. Seven Southern dairy plants have each achieved one million man-hours without a disabling injury and one plant, in Dallas, Tex., received its third award for a million man-hours of safety.

BORDEN DAIRY AND SERVICES



Judges check entries in an Elsie Stix art contest, the finals of which were held at the Children's Farm of Lincoln Park Zoo in Chicago. A half-million Elsie Stix were distributed to 139 Chicago-area day camps, and 20,000 children took part in the contest.

Sales of Borden Dairy and Services increased in 1972 but operating income declined from a year earlier.

Sales increased to $607,228,000 from $589,969,000 in 1971, accounting for 28% of the corporate total, unchanged from the preceding year. Operating income was $25,317,000, for a 17% share of total income from operations, compared with $31,037,000, in 1971, when the share was 22%.

Much of the gain in sales came from higher selling prices. Raw milk, being an unprocessed agricultural commodity, is exempt from price controls, and its cost to processors such as Borden increased substantially during the year. Although the Company is authorized by the Price Commission to "pass through" increases in raw-milk costs, it was unable to do so in full because of severe competitive conditions in some major markets, especially the Midwest.

The Division's performance was hampered also by the unseasonably cool and rainy weather that prevailed over much of the country during the summer and affected business particularly on the three holiday weekends, which are major selling periods. The effect, however, was a sales gain below that anticipated.

Walt Disney World in Florida, during its first full year of operation, created a significant market for Borden milk and dairy products and provided an outstanding showcase for Borden ice cream. The Company is the official supplier of milk and dairy products to the entertainment center, and sponsors the Borden Plaza Ice Cream Parlor located in the "Main Street U.S.A." theme park. More than 10.7 million guests visited Walt Disney World during its first year, and 2.7 million of these patronized the Ice Cream Parlor. The Company also sponsors an ice cream kiosk and a number of ice cream carts throughout the "Magic Kingdom" theme parks. An average of one Borden ice cream cone is sold every three seconds during the entertainment center's open hours.

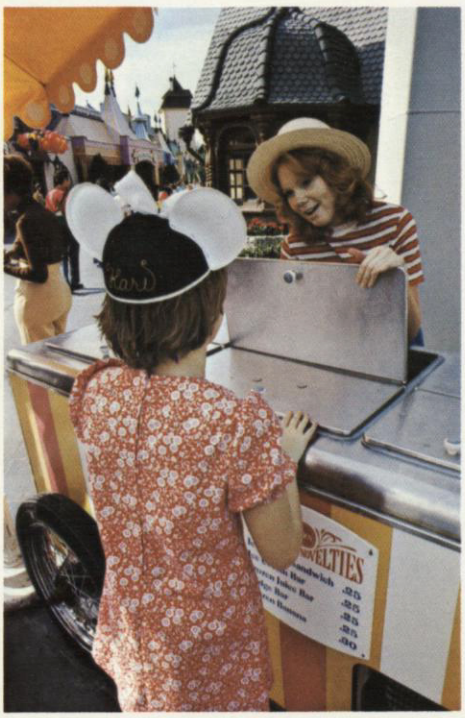
The impact of Walt Disney World on the Orlando, Fla., metropolitan area is reflected also in higher Borden sales of milk and ice cream to restaurants and hotels in the region. The number of hotel rooms added or under construction in the Orlando area has quadrupled to almost 23,000 within a year, and another 14,000 rooms have been announced.

Walt Disney World serves an additional marketing function for the Division: as a "test market" for thousands of visitors who are potential Borden customers in their home communities.

In other marketing developments, the Division during the year extended distribution of its "Special Line" of milks from test markets in Upstate New York and Lexington, Ky., to Borden markets east of the Mississippi. The "Special Line" consists of four types of milk, each intended to meet the special dietary needs of a particular age group. Regular homogenized Vitamin D milk is promoted for young children. Lite-line, containing 1%

Elsie the Cow represented the City of Montebello, "Dairy Capital of Southern California," in the Tournament of Roses Parade in Pasadena on New Year's Day, 1973.

BORDEN DAIRY AND SERVICES



One of the 10.7 million visitors to Walt Disney World in Florida during its first year is served a Borden ice cream novelty from one of the Borden ice cream carts that are located throughout the "Magic Kingdom" theme parks of the entertainment complex.

butterfat and fortified with iron and extra calcium, is aimed at women of child-bearing age. Pro-line, with 2% fat and extra protein, is directed to young adults. Skim-line, virtually a non-fat milk, is fortified with the minimum daily adult requirements of nine vitamins and minerals, and is for those on more restricted diets.

Conversion of the entire line of Borden stick novelties to Elsie Stix was completed during the year. Elsie Stix are interlocking plastic sticks used as handles on ice cream novelties; they replace the conventional wooden sticks. Their subsequent use in making toys and models encourages repeat sales and minimizes littering; surveys indicate that some 75% of purchasers save Elsie Stix for toy construction. The plastic sticks also incinerate easily. Borden has sole patent rights to the Elsie Stix design in the United States and Canada.

In October, the Division began test marketing Lady Borden Boutique, a line of six liqueur-flavored ice creams, in Michigan. It is the first major brand of alcohol-flavored ice creams marketed for at-home consumption. Lady Borden Boutique is initially available in apricot brandy, Burgundy cherry, cherry Kirsch, coffee cognac, creme de menthe, and rum raisin flavors. The ice cream is packaged in newly designed round, gold-colored fibreboard containers in one-quart sizes.

Elsie the Cow was revitalized as the Division's symbol during the year. The live Elsie visited more than a dozen communities on a tour that began with the Kentucky Derby Parade in May and ended with the Tournament of Roses Parade in California on New Year's Day. In between were appearances in the Indianapolis "500" parade, and at Lincoln Park Zoo in Chicago, Sea World in Ohio, and the Ohio State Fair. The animated Elsie will appear in three new television commercials aimed at youngsters, to be aired during 1973.

To meet the growing demand for Elsie Stix novelties, additional manufacturing equipment was installed during the year in plants at Oklahoma City, Okla., and High Point, N.C. The milk processing plant at Orlando, Fla., will be converted to a combination milk and ice cream plant in 1973 with the addition of novelty-making equipment. Walt Disney World and the Orlando market are now being serviced with ice cream from the Division's plant in Tampa.

The Houston, Tex., milk processing plant is being expanded with the addition of new pasteurizer tanks and garage facilities. The ice cream plant at Houston is being remodeled, and ice cream storage facilities are being enlarged at Baton Rouge, La.; Tupelo, Miss.; Phoenix, Ariz., and Dallas. An ice cream distribution branch at Indianapolis, Ind., is nearing completion.

BORDEN CHEMICAL

	1972	1971
Sales (in Millions)	$415.0	$384.8
% of Total Sales	19%	19%
Operating Income (in Millions)	$ 35.9	$ 30.2
% of Total Income from Operations	24%	21%

Max A. Minnig *(right)*, president of Borden Chemical Division, reviews marketing plans for chemical consumer products with Marketing Director Richard C. Clancy. A giant Elmer's Glue-All bottle serves as a display case for Elmer's brand products.

The Chemical Division makes Borden one of the nation's largest and most diversified chemical companies.

It produces a number of basic petrochemicals: more than a billion pounds of formaldehyde annually, plus methanol, acetic acid, urea, ammonia, vinyl chloride monomer, vinyl acetate monomer, and polyvinyl chloride (PVC). It is a major producer of agricultural chemicals, fertilizer, and animal feeds. It is a substantial supplier of synthetic adhesives to the plywood, particle board, and furniture industries. It is the leading producer of PVC film used for in-store wrapping of meats and produce. It is the largest producer of PVC wallcovering, and is also a supplier of PVC materials to industrial and automotive markets. It makes printing inks, and resins, emulsions and latices with end-use applications in phonograph records, flooring, upholstery, paints, and paper.

In addition, the Division is a leading marketer of chemical products for the consumer: Elmer's Glue-All, Mystik Tapes, Krylon spray paints, Lustro-ware plastic housewares, Sterling school supplies, and Cling decorative wallcoverings.

The Division is also responsible for the Company's cosmetic and toiletries operations —Marcelle hypoallergenic cosmetics, and Jean Patou fragrances, including Joy perfume.

BORDEN CHEMICAL

Bolstered by a strong recovery in thermoplastics, Borden Chemical's sales and operating income climbed to record levels in 1972. Operating income exceeded the previous high reached in 1967.

Sales totaled $414,971,000, up from $384,828,000 in the preceding year. The Division accounted for 19% of corporate sales in 1972, the same as in 1971. Operating income rose 19% to $35,877,000, from $30,168,000 a year earlier, and accounted for 24% of the corporate total against 21% in 1971. All groups of the Division experienced improved results.

Thermoplastics had an outstanding year, as sales of polyvinyl chloride (PVC) resins and compounds increased over 20% and margins improved. Heavy demand tightened the industry supply situation and led to several price increases during the year. Steady recovery of the industrial sector of the economy accounted for the upturn in demand, but several specific factors were principally responsible: a record number of housing starts, a boom in mobile homes, a strong domestic automobile market, wider acceptance of plastic bottles for both food and non-food products, and especially changes in municipal building codes allowing more extensive use of plastic pipe. PVC is one of the chemical industry's most versatile products, with end-use applications in flooring, home siding, wallcoverings, cabinetry, upholstery, electrical insulation, containers, and phonograph records.

An $18 million, three-phase expansion of production facilities for PVC is under way to meet the rising demand for this versatile chemical. The initial phase, begun in September, will increase capacity of the Leominster, Mass., and Illiopolis, Ill., plants by 60 million pounds per year upon completion in the third quarter of 1973. An additional 200 million pounds of capacity will be installed at Illiopolis in two subsequent stages, the first scheduled for completion in the first quarter of 1974 and the second in the first quarter of 1975.

An expansion program is under way that will increase the Chemical Division's rated output of polyvinyl chloride (PVC) by 260 million pounds annually by early 1975. Among the important customers for Borden PVC resins is the phonograph-record industry.


Borden Resinite mantained its position as the leading PVC film for in-store wrapping of meats and produce.

The total expansion project will lift the Division's rated output of PVC to in excess of a half-billion pounds annually.

The strong housing and automobile markets were reflected in the highly favorable performance of the Division's Columbus Coated Fabrics operations, a major producer of vinyl materials. Sales of wallcoverings were up substantially. More extensive use by the automobile industry of vinyl-clad metal was reflected in higher shipments to this important market.

The second phase of a long-term equipment modernization program for vinyl wallcoverings was completed at Columbus, Ohio, with the installation of a multi-color printer, beta gauges for controlling the thickness of materials, and a color computer. Another multi-color printer is being added and will be operational in the third quarter of 1973.

Sales of Resinite PVC packaging film were at an all-time high, as the product maintained its position as the largest-selling PVC film for in-store wrapping of meats and produce. Late in the year, Resinite introduced Fab-Wrap, a packaging film and dispenser system for wrapping sub-primal cuts of meat in the supermarket. The product represents a new market for PVC, in that sub-primal cuts are larger than retail cuts and usually are not wrapped.

Resinite penetrated the packing-house industry for the first time with the introduction of two specialized films. One is for wrapping quarters and major primals of beef for protection against contamination and shrinkage in shipping and storage. The other is for shrouding freshly slaughtered hogs, to reduce weight loss during the chilling period.

A new Resinite plant began operations in April at Griffin, Ga., 35 miles south of Atlanta, providing easy access to the fastest-growing area in the United States. It is the Division's fourth packaging film facility.

In other areas of the Chemical Division's operations, formaldehyde resin shipments were up substantially, continuing a trend that began late in 1971. The steady improvement reflected that of the housing market; the resins are used primarily in plywood and particle board adhesives. Sales were particularly heavy in the Pacific Northwest, which is the center of the Douglas fir plywood industry.

At year end, a new formaldehyde plant was completed at Fremont, Calif. Its capacity of 134 million pounds lifted the Division's rated output of formaldehyde to almost 1.2 billion pounds annually. Additional facilities for the manufacture of urea- and phenol-formaldehyde resins are in the process of being installed at the Fremont complex and will be in operation by April, 1973.

The effects of recovery in the industrial economy were felt in several other of the chemical operations. Sales of printing inks, Mystik tapes, and paper coatings and binders were up in response to improvement in the packaging materials industry. Ink sales also reflected further penetration of markets in the East, following the opening in May of a new plant at Odenton, Md., near Baltimore. It is the Division's thirteenth ink plant.

For the packaging market, Mystik introduced two new items: a general purpose tape; and a strapping tape with an odorless, tasteless filament, designed for use on food appliances. A five-year modernization and quality-improvement program for Mystik tapes is under way at the Northfield, Ill., plant. Beta gauges will be installed on the production lines by April, 1973, completing the second stage of the program.

A customer looks through sample books of Columbus Coated Fabrics' Wall-Tex wallcoverings at one of the thousands of dealers who handle the CCF lines. Borden Chemical is the country's largest producer of PVC wallcoverings.

BORDEN CHEMICAL

Service doesn't end with delivery: Philip Swank *(right)*, of Lafayette, Ind., receives advice from Jack Miller of Odell Crop Service, a field sales outlet for Smith-Douglass fertilizers.

Weather was a significant factor affecting domestic performance of the fertilizer operations. Business improved during the first ten months, although less than anticipated owing to heavy spring rains that delayed plantings. During October and November, however, heavy and prolonged rain over the Corn Belt of Iowa and Indiana, and severe ice storms in the Southwest, prevented farmers from putting in their full winter crops, and domestic fertilizer shipments declined. For the year, export business, channeled through the International Division, was strong. This, added to level domestic results, lifted total sales and operating income of the Company's fertilizer operations well above the levels of 1971.

During the year, a plant at Russellville, Ky., producing granular fertilizers was substantially enlarged. A major expansion of ammonia production is under way at Geismar, La., that will add 200 tons per day to the output of this basic component of fertilizers. Completion is scheduled for the fourth quarter of 1973. At the Streator, Ill., fertilizer plant, an acid concentrator is being added, and at Plant City, Fla., equipment is being installed to increase production of Dikal brand animal feed supplements. Both expansions will be in operation by April, 1973.

Sales and operating income of the Division's consumer products group were above year-earlier levels. Krylon experienced improved results in spite of flood damage at its Norristown, Pa., plant in the wake of Tropical Storm Agnes. Sterling Plastics, a leading marketer of molded items to the school- and stationery-supplies fields, completed its entry into the home and office market with the introduction of one- and two-drawer file cabinets. Sterling also introduced six other items, including a metric training kit for schools. Lustro-ware added seven new products to its line of plastic household goods, ranging from multi-cavity tumblers to a 32-gallon trash can. New injection molders are being installed in the Lustro-ware plant at Columbus, Ohio.

The outlook for the Chemical Division in 1973 is highly favorable. The vigorous economy that is forecast will provide underlying support, and performance should be further stimulated by strong demand in several sectors in which the Division is particularly well represented.

Efforts to increase crop production through heavier plantings should benefit fertilizer operations, and weather conditions favorable to fertilizer usage should be better than in 1972. A healthy housing market promises continued demand for a broad range of the Division's products, among them plywood and particle board adhesives, wallcoverings, and resins for paints, flooring, pipe, and siding. Higher consumer incomes should be reflected in increased sales of packaging materials, automotive upholstery, and consumer products.

BORDEN INC. INTERNATIONAL

	1972	1971
Sales (in Millions)	$334.2	$283.2
% of Total Sales	15%	14%
Operating Income (in Millions)	$ 27.4	$ 23.9
% of Total Income from Operations	19%	17%

John J. O'Connor *(left)*, president of Borden Inc. International, and his assistant, Robert J. Godfrey, examine a model of the tankers chartered by the Division to ship petrochemicals to European, Latin American, and Far Eastern markets.

Borden Inc. International is responsible for the Company's manufacturing operations overseas—some 80 chemical and food processing plants in 25 countries. It also directs the marketing of all Borden products outside the United States, its export operations extending to more than 130 countries around the world.

The Division is organized on a geographical basis, with world headquarters in New York and Regional headquarters in Toronto, Canada; Brussels, Belgium; Caracas, Venezuela, and New York City.

Of the Division's approximately 12,000 employees, all but a dozen are citizens of the countries in which they work. No products made by the Division are imported into the United States; most are tailored to the needs and preferences of the local markets in which they are produced and sold.

Through its export operations, the Division contributes to employment in the United States by shipping, throughout the world, products made by American workers.

BORDEN INC. INTERNATIONAL

Sales and operating income of Borden Inc. International reached record levels in 1972.

Sales rose to $334,228,000 from $283,189,000 a year earlier, accounting for 15% of the corporate total compared with 14% in 1971. Operating income amounted to $27,416,000, up from $23,949,000 in the previous year, with the share of total income from operations increasing from 17% to 19%.

Progress was achieved in all sectors of the Division's worldwide operations.

CANADA — Lightguard, homogenized milk packaged in a lightproof plastic pouch, was introduced in Borden markets in Ontario. Sales of milk increased significantly as a result. The Lightguard pouch protects against loss of flavor and vitamins due to exposure to light, and also incinerates easily. Three one-quart pouches are packaged in a plastic bag. Shortly after Lightguard's introduction, the Canadian government banned the use of rigid non-returnable, three-quart jugs and containers.

Elsie Ice Cream Shoppes, located in shopping center malls, were expanded during the year with the addition of three year-round shops, and five summer shops on a test basis.

Raymond Snack Foods, Ltd., the Borden snack operation in Canada, acquired the Shirriff Potato Chip Division of Salada Foods. Potato chips will be marketed regionally in Ontario with some overflow in Quebec. Among new products introduced by Raymond were Peanuttle, a toffee-coated corn snack, and dry roasted peanuts in a unique "standup" vacuum pouch. Raymond became the first company in North America to use this packaging.

A shopper in a Barcelona supermarket chooses from a selection of snack foods made by Gallina Blanca, Spanish affiliate.

The Food Products Division during the year assumed responsibility for the marketing in Canada of ReaLemon, Snow, Wyler, and Comstock products. And in a move that reflected their growing interdependence, the Canadian milk and ice cream operations were consolidated into a single division.

For the first time in Canada, the four Borden divisions conducted a joint promotion campaign, called Borden Days, in which 18 popular products were combined in a single program.

The Borden Chemical Company (Canada) Ltd. strengthened its position as the leading supplier of PVC packaging film to Canadian supermarkets. Its Resinite film is available on a national basis through sales offices from coast to coast. Rapid sales expansion in 1972 created the need for additional Resinite production capacity, and new equipment was installed, incorporating the latest pollution control devices. Further expansion of manufacturing facilities is planned for 1973.

Among the chemical products introduced to the Canadian market were a perforated wrapping film for institutional use, previously available only on an import basis, and Insulspray, a foam-in-place insulation with thermal and acoustical applications.

EUROPE — Sales of Borden Europe reached a new high in 1972, aided by aggressive marketing of traditional products, the introduction of new products, and further diversification through acquisition.

Gallina Blanca, Spanish affiliate, continued as the market leader in packaged dry soups and broths. It installed the first automatic line for the

production of dry soups in Spain, and became the first to market canned, condensed soups.

Gallina Blanca increased its share of the rapidly growing snack market, and successfully introduced the first extruded potato snack product in Spain. It added new items to the cheese line, entered the industrial bakery field, developed a distributing organization in Portugal, and expanded other export activities.

The portion foods operation in Ireland expanded the product line sold in the United Kingdom, and introduced a boil-in-the-bag beefburger in onion sauce.

In Sweden, the snack food operation maintained its dominant share of the corn curl market and again increased its share of the potato chip market. Starlites, the first extruded potato product sold in Sweden, were introduced.

Tettamanti, s.P.a., the Borden industrial bakery in Northern Italy, introduced pound cake into the Italian market, and will follow in 1973 with a line of large family cakes and cream-filled snack cakes. These will be the first products of their kind to be available commercially in Italy. During the year, distribution was expanded in the north and central areas of the country.

Weber KG, the Borden industrial bakery in Germany, achieved excellent results with traditional products and several new items developed during the year. A new production line for family-sized cakes was installed in the plant at Pfungstadt. A line of frozen cakes was test marketed and several varieties of frozen pizza were added. Frozen products represent a completely new product area for Weber. In January, 1973, six newly developed fresh-cake products were introduced.

In 1972, distribution was substantially expanded, notably in the western and southwestern parts of West Germany.

Vanguard Plastics Ltd., a leading supplier of packaging materials formed from rigid polyvinyl chloride, was acquired during the year by The Borden Chemical Company (UK) Ltd., British subsidiary.

Borden has become the leading supplier in Europe of PVC film for in-store packaging of food. Supermarkets are supplied with Resinite film from plants in the United Kingdom, France and Norway. Facilities to produce plastic packaging for the food industry were expanded with the acquisition by The Borden Chemical Company (UK) Ltd. of Vanguard Plastics Ltd. Vanguard is a leading supplier of food packages formed from rigid PVC. The U.K. company also has under construction a new facility for the co-extrusion of nylon-polyethylene; it is scheduled to be on stream early in 1973. This new product is designed to meet the growing demand for vacuum-packaged foods.

LATIN AMERICA — The product-development efforts of Borden Latin America in 1972 were shaped largely by the similarity of market requirements among Latin American countries. The leather industry, for example, is an important segment of the economies of Argentina, Brazil, Colombia and Mexico. Consequently, a complete line of leather finishes and treatments was developed. It was introduced in Mexico, and will be introduced shortly in the other countries. Substantial sales of polyester resins in Brazil have led to an aggressive marketing effort for the product in Mexico. Success with paper coating resins in Argentina has encouraged their introduction in other Latin American countries.

Resinite packaging film is now being produced in Argentina, eliminating the need for imports of the product. In Brazil, Mexico and Colombia, more sophisticated and efficient chemical products were introduced primarily for the wood, foundry, and packaging industries, thereby aiding these industries in becoming more competitive in world markets. In Nicaragua, construction was begun on a small formaldehyde plant to serve the needs of the Central American

BORDEN INC. INTERNATIONAL

Common Market. The Nicaraguan facilities, outside Managua, were undamaged by the earthquake in late December.

During the year, extensive research was carried out to identify opportunities for the introduction of additional Borden food products into the consumer markets of Latin America. Preliminary findings indicate a good potential for specialty dairy products, and several projects are under consideration.

PAN AMERICA — A new portion-control meat processing plant and food distribution center at Bayamon, Puerto Rico, near San Juan, was formally dedicated in June. It replaced a much smaller facility in a highly congested section of the metropolitan area. With the benefit of expanded production facilities, a number of new portion-control items were developed for the local market. The distribution center, which handles a wide range of food products imported from the mainland, added Borden Recipe Shrimp to its line. Cheese sales improved substantially, reflecting in part consumers' acceptance of new products developed by the Borden Foods Division. Borden Instant Breakfast Drink was introduced and favorably received.

ASIA — In Japan, Lady Borden ice cream has had an enthusiastic reception from the Japanese public, and additional dairy products are under consideration. Distribution of Cracker Jack candied popcorn is being expanded, and arrangements have been completed for the introduction of Borden cheese and Resinite packaging film in 1973.

Arrangements were completed early in 1973 to manufacture and package Klim brand powdered whole milk in Australia for Asian markets. Klim ("milk" spelled backwards) is the principal Borden product sold internationally, and this new source, together with existing production facilities in the Common Market (Ireland and Denmark), will provide greater flexibility in supplying the product to world markets

EXPORT — A reorganization of export sales operations, begun in the latter part of 1971, was completed early in 1972. The objective was to provide the necessary structure for greater overseas sales of U.S.-made products and to benefit from government-authorized programs under a new Domestic International Sales Company (DISC), formed April 1. Export sales and profits for the year were at all-time record levels.

Lady Borden ice cream has had an enthusiastic reception from the Japanese public.

* * *

Continued growth is foreseen for the International Division in 1973, with both manufacturing operations abroad and export sales contributing to the improvement. Inflation, currency fluctuations, and protectionism—within reasonable limits—are not obstacles to growth.

The expansion of the European Economic Community to include Ireland, the United Kingdom and Denmark, countries in which the Company already has manufacturing operations, will not only broaden but enrich the markets open to products of Borden Europe. There is the prospect of more open trade with Eastern bloc countries. Further investment opportunities are being explored in Latin America. In the Far East, where the Division's investment is long-term in order to build future markets, results in 1973 are nonetheless expected to show modest improvement.

Rising standards of living abroad are contributing to the acceptance of U.S.-made products, and in turn to the growth of Borden export operations. To build a strong export business the Company must remain competitive in world markets, and this will require the continued assistance of DISC-type programs to offset the incentives other governments provide their industries.

Corporate Activities

Top left: John V. Lynn *(seated right),* corporate vice president–engineering, and members of his staff review interior design plans for the Borden Building, new administrative headquarters under construction in Columbus, Ohio. *Top right:* Borden products are demonstrated during Club Date, a multi-divisional marketing program directed to the growing black consumer market. *Bottom:* Borden co-sponsored all-day radio and television coverage of the Presidential Inauguration on the NBC networks.

MARKETING—The corporate marketing department is now reviewing all marketing plans, advertising programs, new-product package designs, and packaging changes. This procedure enables the Company to give maximum marketing support to those products having growth potential of greatest benefit to the corporation. Central review of package design assures uniform use of the corporate logotype, which in turn produces a synergistic effect from promotional and advertising efforts.

The research and development section of corporate marketing during the year created more than 50 new dairy and food products that are now in the prototype or test-market stage. Work conducted at the Syracuse, N.Y., research center complements the R&D activities of food and dairy profit centers. The Syracuse facility also supports the development efforts of profit centers on projects requiring substantial technical resources.

In its largest single advertising undertaking to date, the Company co-sponsored, with Eastern Airlines, the NBC television and radio networks' full-day coverage of the Presidential Inauguration on Jan. 20, 1973. The event was carried on 220 television stations and 234 radio stations. Forty products of the Foods, Dairy and Services, and Chemical Divisions were represented in the commercials.

DISTRIBUTION—A new corporate distribution department was formed in March under the direction of a vice president. Following an analysis of existing channels and systems of distribution, priority was given to improving communication between the network of primary company food warehouses and the corporate data center.

CORPORATE ACTIVITIES

A computerized railroad car-location system was installed for the purpose of obtaining better use of the Company's domestic fleet of specialized cars. The system minimizes transportation delays and increases the number of revenue loads, resulting in improved service and lower costs.

A consolidation of warehouses is under way, with the eventual goal of establishing a limited number of full-service, strategically located distribution centers throughout the United States. In 1972, 31 warehouse changes were made.

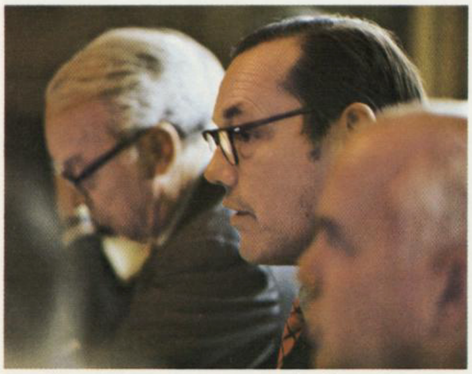
ENGINEERING—A corporate engineering department was formed at the start of the year and subsequently placed under the direction of a corporate vice president. The department coordinates the planning and construction of the Company's major engineering works at the divisional level.

Engineering guidance was provided to the Divisions for upgrading the quality of air and stream effluents from their plants, continuing a program of many years' standing. This environmental work was not extensive, however, since the majority of the Company's manufacturing facilities are modern.

The department's chemical engineering section coordinated a program for improved management control of capital expenditures to insure on-time completion of Chemical Division expansions within budget.

Through its industrial engineering section, the department was involved in several major profit improvement efforts. An analysis of major facilities showing abnormally high maintenance costs led to substantial cost reductions at several of the installations. As a result, a program is being instituted to improve maintenance effectiveness throughout the Company.

The department is also responsible for coordinating the Company's safety and loss-prevention activities, including assisting plants in meeting compliance requirements of the Occupational Safety and Health Act. The impact of O.S.H.A. on Borden operations in 1972 was not substantial, since the plants are maintained at a level consistent with government requirements. Plant audits conducted by the corporate and divisional safety staffs, followed by training sessions, resulted in reduced work injuries. Defensive driving courses for fleet operations, introduced during the year, were effective in lowering vehicle accidents. The Company's accident rate has declined steadily over the past several years.



President's Forum, a series of informal meetings at which community and government leaders give Company executives their views on topics of corporate interest, had Sen. Robert A. Taft, Jr., of Ohio as one of its guest speakers.

LABOR RELATIONS—During 1972, the Company settled 128 labor contracts. This was an unusually large number because of the Economic Stabilization Act, which President Nixon invoked in August, 1971. Owing to uncertainties during the initial phase of the freeze, extending to mid-November, 1971, unions were reluctant to settle. Consequently, many delayed contracts were finally concluded in 1972.

The average increase in hourly labor costs spread over all settled contracts in 1972 was within the Pay Board Guidelines. In a small number of instances, however, the Company accepted strikes in order to insure compliance with the guidelines.

SOCIAL RESPONSIBILITY—The Company broadened its involvement in social issues during 1972.

Through its executives, it took an active part in the programs of the National Association of Manufacturers' Urban Affairs Committee; served in a review, comment, and advisory role in the formation of the Urban Strategy Center of the U.S. Chamber of Commerce; participated in Job Information Fairs for U.S. servicemen at European military bases, and aided the U.S. Department of

Commerce in establishing a National Minority Purchasing Council. Borden has also joined with other industries in Central Ohio in developing a regional purchasing council, which will identify and assist area minority firms in stabilizing and enlarging their businesses.

Internally, an executive Minority Affairs Council, formed in 1971, completed a plant-level audit of the Company's involvement in community affairs. The Council is charged with monitoring Company-wide activities in minority affairs and recommending corporate programs in the areas of hiring, training, promotion, banking and purchasing. The Purchasing Department issued guidelines for increasing the volume of business done with minority suppliers, and is submitting quarterly reports to the Office of the President on the number of accounts with minority suppliers and the amount of business conducted. The Personnel Department revised its manual for managers on Equal Employment Opportunity and Affirmative Action.

Through the Borden Foundation, a number of low-cost but highly productive grants were made to support reform of elementary and secondary education curricula. Funding was also provided by the Foundation toward teacher training and the planning of neighborhood health care delivery systems.

NEW ADMINISTRATIVE HEADQUARTERS—Ground was broken in May for the Borden Building, which will house the national administrative headquarters of Borden, Inc., in Columbus, Ohio. The Company will lease 16-plus of the 32 floors of office space in the 34-story structure. Occupancy is scheduled for mid-1974.

Top: John B. Nimons (right), corporate vice president–purchasing and chairman of the steering committee of the new Central Ohio Minority Purchasing Council, talks over plans with James Burton, executive director of ECCO Development Corporation, Columbus, Ohio. *Bottom:* Guided tours of the Borden Kitchens, located at administrative headquarters in downtown Columbus, are popular with community groups.

DIVIDEND REINVESTMENT SERVICE—A new service that enables shareholders to automatically reinvest their Borden quarterly dividends in additional Borden common shares was offered early in 1973. The service, provided by First National City Bank, New York (Citibank), is entirely voluntary, and a shareholder may join or withdraw at any time. Purchases are credited to 1/1000th of a share in each account, and quarterly statements are issued. There is also an optional cash-investment feature. The shareholder pays a small service fee, plus a proportionate share of broker commissions.

CHANGES IN OFFICERS AND DIRECTORS—John B. Carnahan was elected corporate vice president-distribution, a new position, effective March 20.

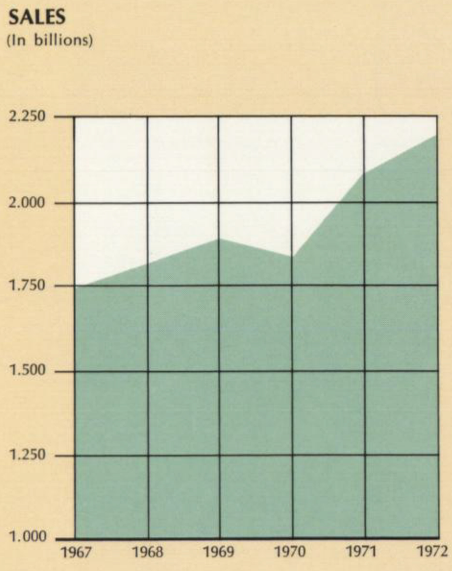
Raymond T. Pryor, president of the Borden Dairy and Services Division; William L. Roper, president of the Milk-Based and Specialty Foods Groups, Borden Foods Division, and Floyd F. Smiley, Jr., president of the Canning and Snack Foods Groups, Borden Foods Division, were elected corporate vice presidents on April 19.

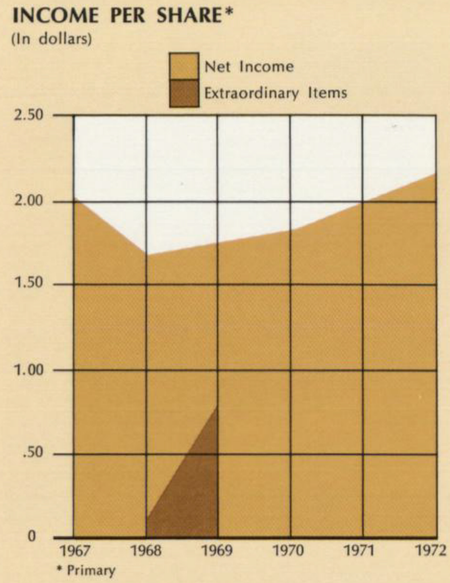
John V. Lynn, director of the corporate Engineering Department, was elected corporate vice president-engineering, a new position, effective Jan. 1, 1973.

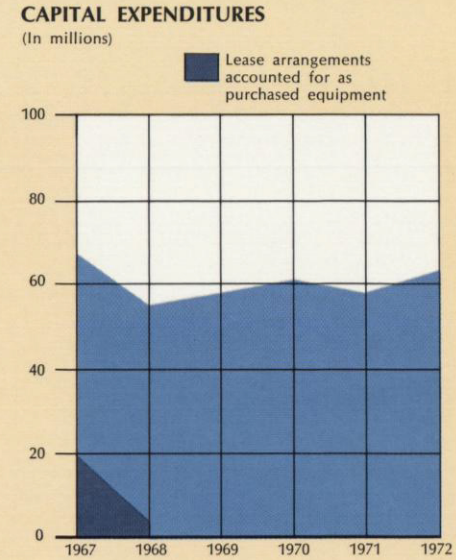
J. Frank Forster, chairman and chief executive officer of the Sperry Rand Corporation, and a Borden director since 1969, died July 3.

Howard H. Ward, vice president-finance and a director, resigned from both positions effective Feb. 1, 1973, in order to join a major insurance company as executive vice president-finance.

Financial Review







SALES

Sales in 1972 were at an all-time high. The improvement from a year earlier was the result of both added volume and recovery of prices, the latter particularly within major sectors of the chemical operations. All four divisions contributed to the increase.

Worldwide sales totaled $2,192,919,000 a gain of 6.0% from $2,069,667,000 in 1971, the previous high.

INCOME

Net income and primary earnings per share were the highest on record.

Net income was $65,992,000, up 9.0% from $60,533,000 in the previous year and 7.9% above the former high of $61,149,000, reached in 1966.

Primary earnings per share were $2.18 on an average of 30,329,000 common shares and equivalents outstanding during the year. This compares with $2.00 on an average of 30,304,000 common shares and equivalents outstanding during 1971, and $2.14 per share in 1966, the previous high.

Fully diluted to reflect two convertible Eurodollar offerings, in 1971 and 1972, earnings per share were $2.13, compared with $1.98 a year earlier.

Pre-tax income amounted to $121,415,674, up from $111,382,269 a year earlier. Federal, foreign and state and local income taxes totaled $55,423,320, compared with $50,849,552 in 1971. The investment tax credit was $3,000,000, against $1,000,000 in the previous year.

Among the factors responsible for the improvement in net income were higher volume sales, more favorable margins in the chemical operations, and the higher investment tax credit.

CAPITAL EXPENDITURES

Approximately $63,179,000 was invested in 1972 in new property and equipment. Of this amount, depreciation, depletion and amortization provided $42,128,000. In addition, leases were effected for $18,530,000 of equipment, primarily motor vehicles and ice cream cabinets.

DIVIDENDS

Cash dividends of $36,093,981 were paid on the Company's capital stock in 1972, compared with $35,470,247 in 1971. Dividends on Common Stock were $34,953,386 or $1.20 per share; on Preferred Stock-Series A, $283,650, or 60 cents per share, and on Preferred Stock-Series B, $856,945, or $1.32 per share. The dividends per share on the Common Stock and Series A Preferred were the same in 1971; on the Series B Preferred, the dividend was a pro-rated 78 cents per share. Since April 30, 1972, the Series B Preferred has been convertible into Common Stock at the rate of 1.1 shares of Common for each share of Preferred.

The December dividend on Common Stock was the 251st consecutive payment and completed 74 years of uninterrupted dividends since the Company was incorporated in 1899.

FINANCING

Borden Overseas Capital Corporation, N.V., a wholly-owned subsidiary of the Company, in September issued $30,000,000 of 20-year, 5% convertible debentures. The Eurodollar offering was made outside the United States through an international group of underwriters. The proceeds were used toward repayment of existing borrowings, for working capital, and for capital investments for the Company's worldwide operations.

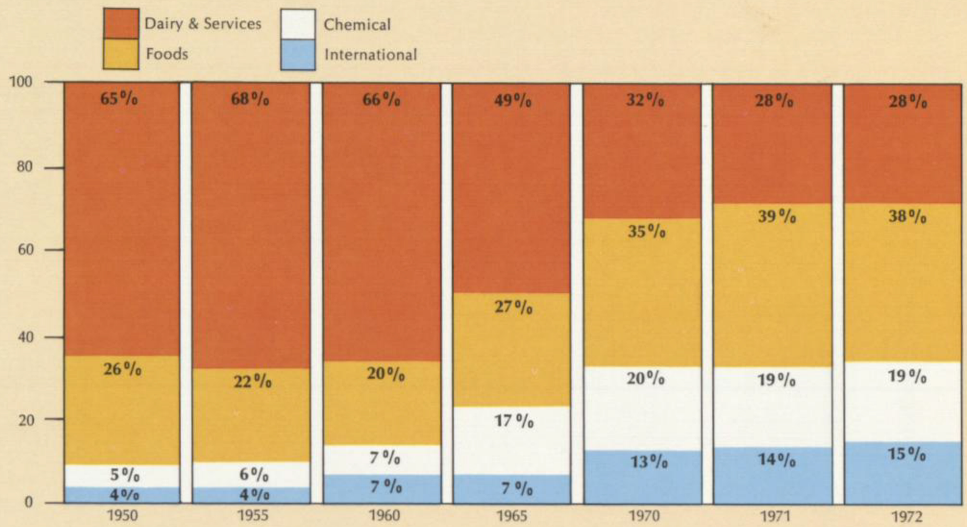
TREASURY PURCHASES

The Board of Directors in October authorized the purchase, from time to time, of up to 300,000 shares of Borden Common Stock for the Company's treasury, primarily for use in exercise of outstanding stock options and conversions of outstanding Preferred shares. Through year end, 45,226 such shares were purchased or otherwise acquired.

STOCK LISTING

Beginning in August, the Company's Common Stock was listed on the stock exchanges in Zurich, Geneva, Basle, and Lausanne, Switzerland.

PER CENT OF TOTAL SALES*



*Not restated for poolings of interests.

TRENDS BY BUSINESS AREA

All Divisions reported increased sales in 1972, compared with 1971, but the relative contribution of each Division to total sales remained substantially the same for both years.

A decline in 1972 in the operating income of the Dairy and Services Division, accompanied by substantial gains in the operating income of the other Divisions, sharply decreased the share of total operating income accounted for by the dairy sector; its percentage declined to 17% from 22%.

Credit for export sales and operating income was transferred from the Foods and Chemical Divisions to the International Division in 1972, and 1971 and 1970 data were restated for comparability. This transfer did not materially affect the long-term trend since export sales in 1965 and prior years were minimal.

SALES AND INCOME BY BUSINESS AREA

(Dollars in Thousands)

	Sales				Income			
	1972		1971		1972		1971	
	$	%	$	%	$	%	$	%
Foods	836,492	38	811,681	39	60,214	40	56,307	40
Dairy and Services	607,228	28	589,969	28	25,317	17	31,037	22
Chemical	414,971	19	384,828	19	35,877	24	30,168	21
International (including exports)	334,228	15	283,189	14	27,416	19	23,949	17
Total	2,192,919	100	2,069,667	100	148,824	100	141,461	100
Other income and expenses not allocable to operations, and taxes					82,832		80,928	
Net income					65,992		60,533	

CONSOLIDATED STATEMENTS OF INCOME

BORDEN, INC.

Year Ended December 31	1972	1971
NET SALES	$2,192,918,826	$2,069,667,107
COSTS AND EXPENSES:		
Cost of goods sold	1,780,803,994	1,686,434,851
Marketing, distribution and administrative expenses	289,834,243	268,956,224
Other (income) and expense, net	(14,768,865)	(12,641,083)*
Interest expense (includes interest expense on leases — $1,964,449 in 1972 and $2,594,783 in 1971)	15,633,780	15,534,846
Income taxes	55,423,320	50,849,552*
	2,126,926,472	2,009,134,390
NET INCOME	$ 65,992,354	$ 60,532,717
Average number of common shares and equivalents outstanding during the year	30,329,301	30,304,451
NET INCOME PER SHARE		
Primary	$ 2.18	$ 2.00
Fully diluted	2.13	1.98
CASH DIVIDENDS PER COMMON SHARE	1.20	1.20

*State and local taxes on income reclassified to conform with 1972 presentation.

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

BORDEN, INC.

FOR THE TWO YEARS ENDED DECEMBER 31, 1972

	CAPITAL STOCK ISSUED					
	PREFERRED SERIES A	PREFERRED SERIES B	COMMON	PAID-IN CAPITAL	RETAINED EARNINGS	TREASURY STOCK
Balance, December 31, 1970	$1,772,812		$109,291,148	$175,188,794	$369,939,694	$2,668,041
Net income					60,532,717	
Cash dividends —						
Common Stock					(34,650,534)	
Preferred Series A					(283,650)	
Preferred Series B					(536,063)	
Acquired Company					(254,481)	
Stock issued for acquisitions		$2,828,513	144,975	15,319,175		
Treasury Stock issued for exercised stock options				(17,383)		(94,727)
Balance, December 31, 1971	1,772,812	2,828,513	109,436,123	190,490,586	394,747,683	2,573,314
Net Income					65,992,354	
Cash dividends —						
Common Stock					(34,953,386)	
Preferred Series A					(283,650)	
Preferred Series B					(856,945)	
Preferred Series B Stock redeemed		(2,502)		(21,464)		
Preferred Series B Stock converted		(382,072)	382,072			
Treasury Stock issued for exercised stock options				(12,001)		(48,493)
Stock reacquired for Treasury — 45,226 shares						1,244,562
Balance, December 31, 1972	$1,772,812	$2,443,939	$109,818,195	$190,457,121	$424,646,056	$3,769,383

See accompanying Notes to Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

BORDEN, INC.

ASSETS

December 31	1972	1971
Current Assets		
Cash (including time deposits)	$ 91,041,841	$ 99,148,422
U. S. Government securities, other marketable securities and certificates of deposit (at cost which approximates market)	61,305,692	44,389,151
Receivables (less allowance for doubtful accounts—$4,316,615 in 1972 and $4,267,513 in 1971)	235,207,733	206,926,814
Inventories		
Finished and in process goods	190,565,421	180,916,058
Raw materials and supplies	86,697,840	79,730,614
Total Current Assets	664,818,527	611,111,059
Investments and Other Assets		
Investments in and advances to affiliated companies (at cost plus equity in undistributed income)	36,765,284	19,503,766
Miscellaneous investments and receivables (at cost or less)	15,509,711	29,145,201
Deferred charges	17,603,904	13,015,971
	69,878,899	61,664,938
Property and Equipment (at cost)		
Land	38,594,372	41,334,868
Buildings	226,872,619	211,362,211
Machinery and equipment	547,666,043	520,503,748
	813,133,034	773,200,827
Less—Accumulated Depreciation	(345,343,041)	(320,019,592)
	467,789,993	453,181,235
Intangibles Resulting from Business Acquisitions (principally at cost at dates of acquisition)	130,939,377	132,020,366
	$1,333,426,796	$1,257,977,598

See accompanying Notes to Consolidated Financial Statements

LIABILITIES AND SHAREHOLDERS' EQUITY

December 31	1972	1971
Current Liabilities		
Payables	$ 209,087,397	$ 170,909,479
Accrued taxes and other liabilities	69,571,824	61,323,961
Current maturities of long-term debt (less debentures repurchased)	14,602,333	18,089,289
Total Current Liabilities	293,261,554	250,322,729
Long-Term Debt	248,984,537	239,087,376
Deferred Federal Income Taxes	46,652,995	37,377,171
Facilities Realignment and Relocation Reserves		13,918,930
Foreign Operations and Other Reserves	8,870,503	10,189,734
Minority Interests in Consolidated Subsidiaries	10,288,467	10,379,255
SHAREHOLDERS' EQUITY		
Capital Stock		
Preferred stock—no par value		
Authorized 10,000,000 shares		
Issued Series A Convertible—472,750 shares (involuntary liquidating value of $9,455,000 or $20.00 per share)	1,772,812	1,772,812
Issued Series B Convertible—592,470 shares and 685,700 shares respectively (involuntary liquidating value of $17,110,534 or $28.88 per share at December 31, 1972)	2,443,939	2,828,513
Common stock—$3.75 par value		
Authorized 60,000,000 shares		
Issued 29,284,852 shares and 29,182,966 shares respectively	109,818,195	109,436,123
Paid-In Capital	190,457,121	190,490,586
Retained Earnings	424,646,056	394,747,683
	729,138,123	699,275,717
Less Common Stock in Treasury (at cost)—135,954 shares and 92,471 shares respectively	(3,769,383)	(2,573,314)
Total Shareholders' Equity	725,368,740	696,702,403
	$1,333,426,796	$1,257,977,598

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

BORDEN, INC.

Year ended December 31	1972	1971
CASH AND MARKETABLE SECURITIES		
End of year	$152,347,533	$143,537,573
Beginning of year	143,537,573	117,056,447
Net Increase in Cash and Marketable Securities	$ 8,809,960	$ 26,481,126
FINANCIAL RESOURCES PROVIDED		
Operations:		
Net income	$ 65,992,354	$ 60,532,717
Depreciation, depletion and amortization	42,127,634	42,392,728
Deferred income taxes*	3,452,442	3,950,449
Total Provided from Operations	111,572,430	106,875,894
Facilities realignment and relocation programs	2,543,329	12,209,430
Normal property disposals*	5,281,157	2,607,776
Market value of stock issued for purchases of businesses		18,165,468
Proceeds from debt financing	33,204,000	37,293,000
Total Resources Provided	152,600,916	177,151,568
FINANCIAL RESOURCES APPLIED		
Cash dividends—Common	34,953,386	34,650,534
Preferred	1,140,595	819,713
Acquired company		254,481
Increase in working capital other than cash and marketable securities*	8,587,779	4,616,376
Reduction in long-term debt	23,306,839	17,342,001
Capital expenditures	63,179,485	57,986,932
Purchases of businesses, net of working capital acquired	5,092,418	33,328,604
Common stock reacquired for Treasury	1,244,562	
Other	6,285,892	1,671,801
Total Resources Applied	143,790,956	150,670,442
Net Increase in Cash and Marketable Securities	$ 8,809,960	$ 26,481,126

*Excludes amounts attributable to the facilities realignment and relocation programs.

See accompanying Notes to Consolidated Financial Statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation — The consolidated financial statements include the accounts of Borden, Inc. and its significant subsidiaries, after elimination of all material intercompany accounts and transactions. The Company's proportionate share of the net earnings of unconsolidated 20% to 50% owned companies is included in income currently. The accounts of foreign subsidiaries have been translated at year end or historical exchange rates as appropriate.

The excess cost of investments over net tangible assets of businesses acquired are carried as Intangibles in the Consolidated Balance Sheets. It is the Company's policy to carry intangibles arising prior to November 1, 1970 at cost until such time as there may be evidence of diminution in value or the term of existence of such value becomes limited. Opinion No. 17 of the Accounting Principles Board requires mandatory amortization of intangibles arising after October 31, 1970. Amortization of such intangibles is being recorded over a 40 year period.

Inventories — Inventories are stated at the lower of cost or market. Cost is determined generally on the average and first-in, first-out methods.

Property and Equipment — Land, buildings and equipment are carried at cost. Certain leased plant and equipment have been capitalized, with the corresponding obligations carried in long-term debt.

Depreciation is recorded on the straight-line basis by charges to costs and expenses at rates based on the estimated useful lives of the properties (average rates for buildings — 4%; machinery and equipment — 7%).

Major renewals and betterments are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Net profits or losses from normal retirements and disposals are credited or charged to accumulated depreciation, while profits and losses from other retirements and disposals are credited or charged to income or to the facilities realignment reserve where appropriate.

Income Taxes — The provision for income taxes includes federal, foreign and state and local taxes currently payable and deferred taxes arising from timing differences between income for financial statement purposes and income tax purposes. These timing differences principally result from (a) realization of tax reductions associated with the facilities realignment program (which was recognized for financial reporting purposes in 1969) and (b) additional deductions available through the use of accelerated methods of depreciation for tax purposes.

Investment tax credits are applied as reductions in income taxes.

United States income taxes have not been provided on undistributed earnings of foreign subsidiaries because the Company plans to reinvest such earnings abroad and has no present intention to repatriate any significant amount of such funds.

Retirement Plans — Charges to operations under the Company's retirement plans, which cover those employees who are not members of collective bargaining units as well as certain employees who are members of such units, include current service costs and amortization of prior service costs generally over a 30-year period. The Company's policy is to fund amounts equal to pension costs accrued.

Development and Promotion Expenses — Expenditures for research and development and advertising and promotion are expensed as incurred.

Earnings per Share — Primary earnings per share are computed based on the weighted average number of shares of Common Stock and Equivalents (Series A and B Convertible Preferred Stocks and Stock Options) outstanding during the year of computation.

Fully diluted earnings per share computations are based on the weighted average number of shares of Common Stock and Equivalents outstanding as if the outstanding Convertible Debentures had been converted into Common Stock at the beginning of the period or date of issue, whichever prevailed, and after giving effect to the elimination of interest expense applicable to the Convertible Debentures.

NOTE 2 — FOREIGN OPERATIONS

After translation into equivalent United States dollars, subsidiaries outside the United States contributed the following amounts to the consolidated financial statements.

	1972	1971
Net sales	$292,695,000	$251,882,000
Company's equity in:		
Net income	12,916,000	10,622,000
Net assets	88,295,000	77,754,000

Realized and unrealized exchange adjustments arising in consolidation had only a minimal effect on income in 1972 and 1971. The cumulative amount of foreign earnings on which United States income taxes have not been provided aggregated approximately $22,000,000 at December 31, 1972. The Company does not intend to repatriate any significant amount of accumulated foreign earnings.

NOTE 3 — LONG-TERM DEBT AND LEASE OBLIGATIONS

Long-term debt outstanding at December 31, 1972 is as follows (dollars in thousands):

	Long-Term	Due Within One Year
Sinking Fund Debentures		
$2\frac{7}{8}$%, due 1981	$ 33,750	
$7\frac{3}{4}$%, due 1984	1,150	$ 75
$4\frac{3}{8}$%, due 1991	36,000	2,000
$5\frac{3}{4}$%, due 1997	75,000	
Debentures repurchased	(7,002)	(2,000)
Promissory notes		
$5\frac{1}{4}$%, due 1974	4,900	600
$5\frac{3}{8}$%, due 1981	6,100	800
$8\frac{1}{4}$%, due 1985	6,933	
$7\frac{5}{8}$%, due 1986	4,888	
Other borrowings	10,827	1,928
Convertible Debentures		
$6\frac{3}{4}$%, due 1991	30,000	
5 %, due 1992	30,000	
Principal amount of capitalized leases	16,439	11,199
	$248,985	$14,602

The $6\frac{3}{4}$% Convertible Debentures (a Eurodollar obligation) are convertible into Common Shares of Borden, Inc. at $28.75 a share and after July 15, 1974 are redeemable at the Company's option except in certain defined circumstances. The redemption price will be equal to the original amount plus annually decreasing premiums to 1986.

The 5% Convertible Debentures (a Eurodollar obligation) issued in 1972 are convertible from July 1, 1973 into Common Shares of Borden, Inc. at $31.50 a share and after September 1, 1975 are redeemable at the Company's option except in certain defined circumstances. The redemption price will be equal to the original amount plus annually decreasing premiums to 1987.

Aggregate maturities of long-term debt, principal payments on capitalized leases and minimum annual rentals on other leased properties are as follows (dollars in thousands):

	Long-Term Debt **	Capitalized Leases	Rentals
1973	$ 3,403	$11,199	$20,628
1974	7,621	9,588	19,557
1975	2,763	4,803	17,673
1976	4,662	2,048	14,437
1977	5,075		12,044
1978-1982*	67,094		34,106
1983-1987*	38,601		9,628
1988-1992*	87,967		1,586
1993 and beyond*	18,763		223

* Figures represent combined totals for all years.

** Net of Debentures repurchased.

NOTE 4 — INCOME TAXES

A comparative summary of federal, foreign and state and local income taxes follows:

	1972	1971
Current year taxes		
United States	$37,821,982	$27,328,541
Investment tax credit	(3,000,000)	(1,000,000)
Foreign	5,702,194	7,934,000
State and local	5,623,320	4,523,011
	46,147,496	38,785,552
Deferred	9,275,824	12,064,000
	$55,423,320	$50,849,552

NOTE 5 — RETIREMENT PLANS

The charges to operations under the Company's retirement plans were $4,644,000 in 1972 and $4,819,000 in 1971. The actuarially computed value of vested benefits under these plans as of January 1, 1972 exceeded the total pension funds and balance sheet accruals by approximately $17,365,000. Operations were charged approximately $3,555,000 in 1972 and $3,231,000 in 1971 for payments to pension trusts on behalf of certain employees covered by collective bargaining units who have not elected to participate in the Company's plans and of retirement allowances paid to former employees under arrangements in effect prior to the inception of the present plans.

During 1972 the Company increased benefits under its retirement plans and changed the actuarial assumption regarding assumed earnings of the plans. These changes did not have any significant effect on 1972 pension costs.

NOTE 6 — CONTINGENCIES

The Company was guarantor of loans aggregating approximately $24,000,000 at December 31, 1972.

NOTE 7 — SHAREHOLDERS' EQUITY

The 472,750 shares of Preferred Stock — Series A, issued in 1970, are entitled to receive annually until January 14, 1976, cumulative dividends per share of one-half the per-share Common Stock Dividend or $.60, whichever is greater. Thereafter the dividend will be determined by the Board of Directors, but in no event will be less than $.60 per share.

The Preferred Stock — Series A is convertible into an equal number of Common Shares as follows:

Period of Convertibility	Shares
Dec. 15, 1973 - Jan. 14, 1974	157,583
Dec. 15, 1974 - Jan. 14, 1975	157,583
Dec. 15, 1975 - Jan. 14, 1976	157,584

Shares not converted into Common Stock during the above periods may be called after January 14, 1976 and an equal number of Common shares issued therefor.

The 592,470 shares of Preferred Stock — Series B bear an annual cumulative dividend of $1.32, are convertible into 1.1 shares of Common Stock of the Company and are redeemable, currently at $44 per share.

As of January 1, 1972, 270,854 shares of Common Stock of the Company were reserved for unexercised stock options at prices ranging from $15.82 to $36.82 per share. During 1972, options for 25,250 shares were granted at $30.75 per share, options for 76,656 shares expired or were cancelled; options for 1,510 shares were exercised, at prices ranging from $21.82 to $28.39 per share, leaving 217,938 shares reserved for unexercised options at prices ranging from $15.82 to $36.82 per share as of December 31, 1972. At December 31, 1972, 179,300 shares were available for future grants.

At December 31, 1972, 1,124,467 shares were reserved for conversion of Preferred Stock — Series A and B. In addition, 1,995,859 shares were reserved for issuance upon conversion of the $6^3/_4\%$ and 5% Convertible Debentures discussed in Note 3 and 15,517 shares pursuant to the Management Incentive Plan.

NOTE 8 — EARNINGS PER SHARE

The average number of Common Shares and Equivalents entering into the calculation of primary and fully diluted earnings per share are as follows:

	1972	1971
Common shares	29,128,141	29,061,349
Convertible Preferred:		
Series A	472,750	472,750
Series B	708,660	754,270
Stock options	19,750	16,082
Total for primary calculation	30,329,301	30,304,451
Convertible Debentures:		
$6^3/_4\%$	1,043,479	480,286
5%	299,245	
Total for fully diluted calculation	31,672,025	30,784,737

NOTE 9 — SUPPLEMENTAL INFORMATION

Set forth below is a comparative summary of certain income and expense items, the accounting for which is described in Note 1.

	1972	1971
Equity in undistributed earnings of 20% to 50% owned companies	$ 2,614,000	$ 2,253,000
Minority interests in income of consolidated subsidiaries	1,425,000	1,042,000
Depreciation, depletion and amortization	42,128,000	42,393,000
Amortization of intangibles resulting from business combinations	425,000	207,000

Price Waterhouse & Co.

SIXTY BROAD STREET, NEW YORK, NEW YORK 10004 212-422-6000

February 27, 1973

Board of Directors and Shareholders of Borden, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, shareholders' equity and changes in financial position present fairly the financial position of Borden, Inc. and its subsidiaries at December 31, 1972 and 1971, the results of their operations and the changes in financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied. Our examinations of these statements were made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse & Co.

Six-Year Financial

BORDEN, INC.

SALES, INCOME AND DIVIDENDS

Net Sales

Income before Extraordinary Items

Net Income

Percent of Income before Extraordinary Items to Sales

Percent of Net Income to Sales

Per Share of Common Stock and Equivalents —

Income before Extraordinary Items

Primary

Fully Diluted

Net Income

Primary

Fully Diluted

Dividends Declared per—Common Share

Preferred Series A Share

Preferred Series B Share

Total Dividends

Income Available for Common Shareholders

Net Income

Less Dividend Requirements on Preferred Stock

Average Number of Common Shares Outstanding

Income Available per Common Share

FINANCIAL STATISTICS

Capital Expenditures

Depreciation, Depletion and Amortization

Current Assets

Current Liabilities

Working Capital

Current Ratio

Long-term Debt

Debt-to-Equity Percent

Shareholders' Equity

Liquidating Value of Preferred Stock

Common Shareholders' Equity

Equity per Common Share at Year End

SHAREHOLDERS' DATA

Average Number of Common Shares and Equivalents Outstanding

Outstanding Shares at Year End —

Common

Preferred Series A

Preferred Series B

Market Price of Common Stock —

At Year End

Range of Year

Number of Common Shareholders

EMPLOYEES' DATA

Payrolls

Average Number of Employees

Summary

(All dollar and share figures in thousands — except market price and per share statistics)

1972	1971	1970	1969	1968	1967
$2,192,919	$2,069,667	$1,832,202	$1,896,595	$1,830,474	$1,748,709
$ 65,992	$ 60,533	$ 53,681	$ 50,754	$ 49,147	$ 58,779
$ 65,992	$ 60,533	$ 53,681	$ 28,304	$ 46,375	$ 58,779
3.0%	2.9%	2.9%	2.7%	2.7%	3.4%
3.0%	2.9%	2.9%	1.5%	2.5%	3.4%
$2.18	$2.00	$1.83	$1.73	$1.68	$2.01
$2.13	$1.98	$1.83	$1.73	$1.68	$2.01
$2.18	$2.00	$1.83	$ .96	$1.58	$2.01
$2.13	$1.98	$1.83	$ .96	$1.58	$2.01
$1.20	$1.20	$1.20	$1.20	$1.20	$1.20
$ .60	$ .60				
$1.32	$ .78				
$ 36,094	$ 35,725	$ 35,011	$ 34,325	$ 34,058	$ 34,143
$ 65,992	$ 60,533	$ 53,681	$ 28,304	$ 46,375	$ 58,779
(1,066)	(1,189)	(284)	(284)	(284)	(284)
$ 64,926	$ 59,344	$ 53,397	$ 28,020	$ 46,091	$ 58,495
29,128	29,061	28,879	28,854	28,856	28,711
$2.23	$2.04	$1.85	$ .97	$1.60	$2.04
$ 63,179	$ 57,987	$ 60,332	$ 57,689	$ 55,256	$ 67,570
$ 42,128	$ 42,393	$ 38,725	$ 40,196	$ 37,172	$ 36,074
$ 664,819	$ 611,111	$ 572,258	$ 542,957	$ 506,077	$ 514,622
$ 293,262	$ 250,323	$ 246,034	$ 208,836	$ 171,978	$ 171,767
$ 371,557	$ 360,788	$ 326,224	$ 334,121	$ 334,099	$ 342,855
2.3:1	2.4:1	2.3:1	2.6:1	2.9:1	3.0:1
$ 248,985	$ 239,087	$ 219,136	$ 225,594	$ 240,119	$ 253,432
34%	34%	34%	36%	38%	41%
$ 725,369	$ 696,702	$ 653,524	$ 630,315	$ 638,003	$ 625,660
(26,566)	(29,258)	(9,455)	(9,455)	(9,455)	(9,455)
$ 698,803	$ 667,444	$ 644,069	$ 620,860	$ 628,548	$ 616,205
$23.97	$22.94	$22.17	$21.55	$21.79	$21.32
30,329	30,304	29,352	29,327	29,329	29,184
29,149	29,090	29,048	28,809	28,851	28,897
473	473	473	473	473	473
592	686				
$32	$28	$27	$23	$34	$35
$25-32	$24-30	$17-27	$22-35	$28-38	$30-42
67,333	70,916	71,886	70,997	71,424	74,508
$ 368,000	$ 357,000	$ 333,700	$ 339,800	$ 322,800	$ 303,100
46,700	48,000	45,900	48,300	48,900	47,700

BORDEN

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